



Quarterly Budget Statement

MFMA Section 52 Report

31 MARCH 2023

Govan Mbeki Municipality

Introduction

Purpose

To comply with section 52(d) of the Municipal Finance Management Act (MFMA), by submission of a report in a prescribed format to the Council on the implementation of the budget and financial state of the municipality.

The quarterly Budget Statement also aims to provide an update on indicators critical to the municipality's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high-level overview of the municipality's viability and sustainability.

The report is tabled to council to ensure good governance and financial viability and to provide council with the necessary information to make informed decisions

Background

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating sustainability and better medium-term planning and policy choices on service delivery.

The report has been prepared in terms of the following legislative framework:

- i. The Municipal Finance Management Act – No.56 of 2003, Section 52 and Section 75(1)k
- ii. And the Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

"28. the monthly budget statement of a municipality must be in the format specified in Schedule C and includes all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the Act."

The objective of these Regulations is to ensure sound and sustainable management of the budgeting and reporting practices of Municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

Section 13: Quality Certification by Accounting Officer


QUALITY CERTIFICATE

I, **E.N. Maseko**, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that:-

- The Quarterly budget statement report; and
- The supporting documentation for the quarter of **March 2023** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: M. Moloto

Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature: 

Date: 18/04/2023

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date:

1. DISCUSSION:

The overall financial performance indicators for the period under review are attached as **ANNEXURE "A"**.

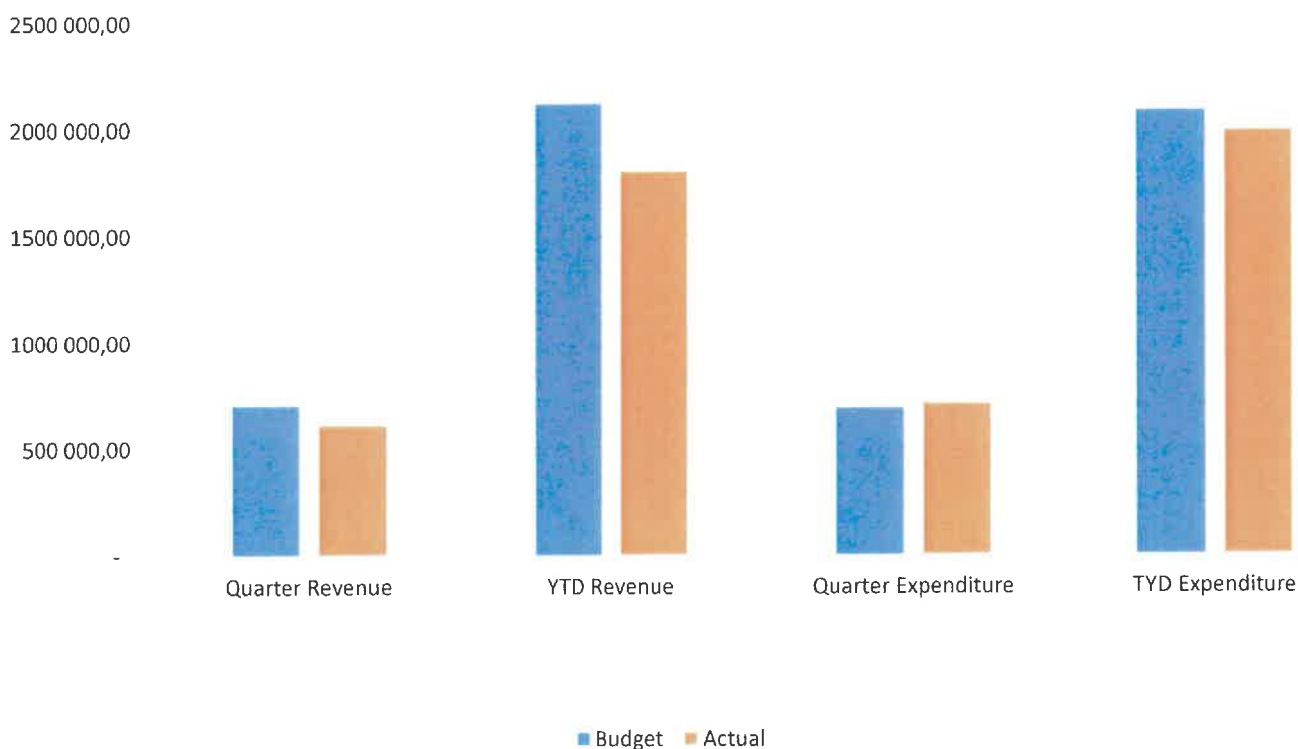
EXECUTIVE SUMMARY:

Operating Results:

The table below shows the Operational Revenue of R 615 million and Operating Expenditure of R 714 million which resulted in a deficit of R 98 million before capital transfer of R 57 million which resulted in overall deficit of R 41 million.

Description	Original Budget 2022/2023	Adjustment Budget 2022/2023	Actual (Q1)	Actual (Q2)	Actual (Q3)	Year TD Actual	Year to Date Budget	Variance	YTD Variance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total Operating Revenue	2 828 608	2 832 962	620 920	568 347	615 100	1 804 368	2 122 544	(318 176)	-15%
Total Operating Expenditure	2 775 340	2 796 489	600 645	677 842	714 090	1 992 577	2 086 698	(94 121)	-5%
Surplus /(Deficit) for the year before grant capital revenue	53 268	36 473	20 276	(109 495)	(98 990)	(188 209)	35 846	(224 056)	(0)
Grant capital revenue	96 048	96 048	11 718	23 557	57 785	136 015	72 036	34 196	47.5%
Surplus /(Deficit) for the year	149 316	132 521	31 994	(85 938)	(41 205)	(52 194)	107 882		
Total Capital Expenditure	163 882	198 261	16 932	28 259	32 833	78 024	140 311	(62 287)	-44%

BUDGET VS ACTUALS



The following table provides a summary of the municipality's performance on the Capital and Operational budget as of 31 March 2023

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter

R thousands	Description	Budget Year 2022/23													
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast					
	Financial Performance														
	Property rates	372 877	403 088	403 088	96 338	289 732	302 316	(12 584)	-4%	403 088					
	Service charges	1 313 517	1 718 565	1 718 565	341 352	979 736	1 288 924	(309 188)	-24%	1 718 565					
	Investment revenue	9 052	14 825	14 825	6 809	12 655	11 118	1 536	14%	14 825					
	Transfers and subsidies	369 056	409 252	413 606	109 442	356 596	308 027	48 568	16%	413 606					
	Other own revenue	181 838	282 878	282 878	61 160	165 650	212 159	(46 509)	-22%	282 878					
	Total Revenue (excluding capital transfers and contributions)	2 246 339	2 828 608	2 832 962	615 100	1 804 368	2 122 544	(318 176)	-15%	2 832 962					
	Employee costs	568 554	665 216	665 216	150 163	446 278	498 912	(52 634)	-11%	665 216					
	Remuneration of Councilors	24 398	32 120	32 120	6 273	19 375	24 090	(4 715)	-20%	32 120					
	Depreciation & asset impairment	168 353	196 589	196 589	29 194	107 359	147 442	(40 084)	-27%	196 589					
	Finance charges	187 290	133 798	133 798	102 220	204 839	100 349	104 490	104%	133 798					
	Inventory consumed and bulk purchases	1 227 010	1 112 747	1 122 117	354 352	980 384	836 753	143 632	17%	1 122 117					
	Transfers and subsidies	30 810	27 883	27 736	(48)	(55)	20 875	(20 931)	-100%	27 736					
	Other expenditure	849 114	606 987	618 911	71 936	234 397	458 277	(223 880)	-49%	618 911					
	Total Expenditure	3 055 529	2 775 340	2 796 489	714 090	1 992 577	2 086 698	(94 121)	-5%	2 796 489					
	Surplus/(Deficit)	(809 189)	53 268	36 473	(98 980)	(188 209)	35 846	(224 056)	-625%	36 473					
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	88 096	80 932	80 932	17 932	53 207	60 609	(7 492)	-12%	80 932					
	Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)														
	Surplus/(Deficit) after capital transfers & contributions	4 670	15 116	15 116	-	-	11 337	(11 337)	-100%	15 116					
	Share of surplus/ (deficit) of associate	(716 424)	149 317	132 521	(81 058)	(135 002)	107 882	(242 885)	-225%	132 521					
	Surplus/ (Deficit) for the year	(716 424)	149 317	132 521	(81 058)	(135 002)	107 882	(242 885)	-225%	132 521					

Analysis of the performance

Operating Revenue

The overall performance on the revenue component is 15% below target. Service charges and other own revenue are the main items to contribute to this negative performance.

Operating Expenditure

The overall performance on the expenditure component is 5% below target.

Bulk purchases and finance charges are above target by 31% and 104% respectively, there will be an unauthorised expenditure in these line items at the end of the financial year. The over expenditure in bulk purchases and finance charges relates to the under expenditure of the Eskom purchases for electricity. The finance charges relate to interest charges incurred monthly due to Eskom and Rand water. The interest charges incurred are in the range of R 20 million per month

Capital Expenditure

Total Capital Expenditure to date is R 88 954 711.94, of this amount R 52 910 213.68 relates to MIG funding, R 12 379 181.50 relates to INEP whilst R 15 515 327.15 is from internally generated funds and R8 149 989.63 relates to Sasol grant.

Description	Funding	Allocation per DoRA 2023 MTRRF	Actual received Including rollover	YTD Expenditure	Available as at 31 March 2023
Municipal Infrastructure Grant	MIG	65 932 000.00	82 211 007.00	52 910 213.68	29 300 793.33
Sasol Grant – Electrification	Sasol	10 446 491.00	10 446 491.00	8 149 989.63	2 296 501.38
Integrated National Electrification Programme Grant	INEP	15 000 000.00	29 500 000.00	12 379 181.50	17 120 818.50
Own Funding	Revenue	86 699 982.00	86 699 982.00	15 515 327.15	71 184 654.85
Total		178 078 473.00	208 857 480.00	88 954 711.95	119 902 768.05

UNSPENT OPERATIONAL GRANTS AND CAPITAL GRANTS

Grants	Allocation per DoRA	Actual received including rollover	Expenditure as at 31 March 23	Unspent 2022/2023	YTD %
Extended Public works Programme	2 629 000.00	1 869 000.00	2 629 000.00	- 760 000.00	141%
Financial Management Grants	2 100 000.00	2 100 000.00	615 840.16	1 484 159.84	29%
Integrated National Electrification programme Grant	15 000 000.00	29 500 000.00	12 379 181.50	17 120 818.50	42%
Infrastructure Skills Development Grant	24 500 000.00	24 500 000.00	13 000 000.00	11 500 000.00	53%
Municipal Infrastructure Grant	65 932 000.00	82 211 007.00	52 910 213.68	29 300 793.33	64%
Sasol Grant-Electrification	10 446 491.00	10 446 491.00	8 149 989.63	2 296 501.38	78%
LG Seta	2 080 000.00	4 365 716.29	2 669 517.25	1 696 199.04	61%
Pre-Capacity grant	195 235.00	195 235.00	6 732.00	188 503.00	3%
Sports And Recreation	471 716.00	471 716.00	-	471 716.00	0%
Water Services Infrastructure		18 000 000.00			
Total	123 354 442.00	173 659 165.29	92 360 474.21	63 298 691.08	53%

*Year to date percentage on EPWP and LGSETA is above 100% because this is based on amount received to date.

** Municipal Infrastructure Grant expenditure of 64% is inclusive of the Roll-over spending.

The Expenditure of the current year's allocation for MIG is at 68%

Repairs and Maintenance Analysis

Repairs and maintenance spending to date (with percentage of budget spent)

Description	Total Budget	Total Actual	Total Unspent	% Spent
Community and Social Services	19 043 250.00	4 716 988.80	14 326 261.20	24.77
Energy Sources	34 624 987.00	19 139 721.49	15 485 265.51	55.28
Environmental Protection	0	0	0	
Executive and Council	0	0	0	
Finance and Administration	697 851.00	160 860.25	536 990.75	23.05
Planning and Development	48 407.00	2 043.00	46 364.00	4.22
Public Safety	1 673 803.00	748 746.04	925 056.96	44.73
Road Transport	20 966 107.00	7 218 981.65	13 747 125.35	34.43
Waste Management	9 040 000.00	4 949 920.48	4 090 079.52	54.76
Waste Water Management	27 540 780.00	17 367 539.46	10 173 240.54	63.06
Water Management	8 282 787.00	3 733 769.72	4 549 017.28	45.08
Sport and Recreation	920 824.00	210 389.13	710 434.87	22.85
Total	122 838 796.00	58 248 960.02	64 589 835.98	47.42

CASH MANAGEMENT

As of 31 March 2023 (Quarter 3), we had a positive bank statement balance of R 74 821 157.60 and a positive cash book balance of R 58 728 335.50 compared to a positive bank statement balance of R 14 532 106.68 and a negative cash book balance of R 20 679 674 in 31 December 2022 (Quarter 2)

INVESTMENT PORTFOLIO ANALYSIS

Supporting table SC5 displays the Council's investment portfolio and indicates that R 15 million is currently invested. No new investments were made. Accrued interest for the quarter amounts to R 247 thousand.

MP307 Govan Mbeki - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q3 December

Investments R thousands	Period of Investment	Type of Investment	Expiry date of investment	Quarter1	Quarter2	Quarter3	Quarter4
	Yrs/Months			R'000	R'000	R'000	R'000
Municipality							
ABSA	12 MONTHS	Fixed Deposit	23/06/2023	13 947	14 192	14 432	-
OLD MUTUAL		Shares		356	356	356	-
SANLAM		Shares		130	130	130	-
NEDBANK		Shares		215	215	215	-
QUILTER		Shares		186	186	185	-
TOTAL INVESTMENTS				14 834	15 079	15 318	-

DEBTORS MANAGEMENT

Debtors

Our Debtors book had a total balance of R 3 574 256 000.00 as at end of March 2023. The average debtors' payment rate for the quarter is 61%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 March

R thousands	Description	NT Code	Budget Year 2022/23			
			QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
	Debtors Age Analysis By Income Source					
	Trade and Other Receivables from Exchange Transactions - Water	1200	1 002 588	1 025 510	1 070 642	-
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	399 322	417 974	430 379	-
	Receivables from Non-exchange Transactions - Property Rates	1400	285 036	306 444	318 778	-
	Receivables from Exchange Transactions - Waste Water Management	1500	372 179	382 159	403 876	-
	Receivables from Exchange Transactions - Waste Management	1600	336 803	345 934	365 502	-
	Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-
	Interest on Arrear Debtor Accounts	1810	527 896	571 397	625 527	-
	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-
	Other	1900	342 514	349 692	359 553	-
	Total By Income Source	2000	3 266 338	3 399 110	3 574 256	-
	Debtors Age Analysis By Customer Group					
	Organs of State	2200	173 060	189 707	187 132	-
	Commercial	2300	318 092	330 529	330 616	-
	Households	2400	2 775 186	2 878 874	3 056 508	-
	Other	2500	-	-	-	-
	Total By Customer Group	2600	3 266 338	3 399 110	3 574 256	-

The following table indicates payment rate per region:

Town	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)	Payment Rate (Billing)
0100 SECUNDA	-50 749 751.52	59 504 847.45	56 014 520.46	-345 192.08	348 796.17	3 486 722.90	0.85	91%
0200 EMBALENHLE	-5 722 307.45	38 116 076.57	39 884 371.85	-108 190.56	83 436.08	-1 743 540.80	0.15	14%
0300 KINROSS	-10 272 259.60	13 633 562.92	13 919 151.48	-2 240.46	-	-283 348.10	0.75	74%
0400 TRICHARDT	-5 221 899.84	3 365 710.79	6 289 560.63	-283 596.78	44 217.98	-2 684 471.04	1.55	83%
0500 EVANDER	-7 432 851.25	10 404 507.49	10 879 514.52	-122 890.88	8 118.41	-360 234.56	0.71	68%
0600 CHARL CILLIERS	-129 581.87	403 231.81	515 079.32	-55.58	333.24	-112 125.17	0.32	25%
0700 BETHAL	-7 440 285.89	-1 421 083.24	13 027 751.22	-594 466.27	177 053.63	-14 031 421.82	-	57%
0701 BETHAL RDP	-	1 961.86	1 961.86	-	-	-	-	0%
0800 EMZINONI	-584 923.19	11 967 812.33	12 051 858.37	-	7 287.18	-91 333.22	0.05	5%
0900 EENDRACHT	-223 191.59	565 036.71	661 716.22	-640.99	1 281.99	-97 320.51	0.40	34%
1000 LESLIE	-1 713 137.87	2 324 207.31	2 325 470.34	-31 774.23	-	30 511.20	0.74	74%
1100 LEBOHANG	-149 144.94	9 960 248.66	9 963 754.25	-5 830.84	-	2 325.25	0.01	1%
1200 GOVAN MBEKI FARMS	-268 954.23	497 210.98	497 210.98	-	-	-	0.54	54%
1300 TERRA NOVA	-81 848.54	271 952.28	258 924.12	-1 323.23	13 467.61	883.78	0.30	32%
1400 BETHAL AH	-12 067.69	35 131.31	35 131.31	-	-	-	0.34	34%
1500 BETHAL RAND	-94 339.83	223 389.72	217 074.84	-	-	6 314.88	0.42	43%
1700 NEW BETHAL EAST	-309 133.14	841 291.99	910 146.63	-817.14	-	-68 037.50	0.37	34%
2000 SORRENTO PARK	-2 476.18	23 845.45	23 845.45	-	-	-	0.10	10%
2100 FARM DIVISION - IR	-45 915.58	158 534.34	156 059.77	-	-	2 474.57	0.29	29%
2200 FARM DIVISION - IS	-5 487 430.33	6 532 069.40	6 635 549.41	-66 022.24	18 982.16	-56 439.93	0.84	83%
RES1 RESIDENTIAL	-42 989.50	99 336.14	121 185.97	-21 849.83	-	-	0.43	35%

The following table indicates payment rate per month.

Month	2020/21	2021/22	2022/23
July	68%	63%	65%
August	50%	57%	61%
September	69%	65%	61%
October	62%	60%	35%
November	21%	58%	63%
December	61%	61%	56%
January	66%	70%	56%
February	59%	58%	55%
March	59%	63%	73%
April	119%	69%	
May	57%	70%	
June	59%	59%	

Accounts owed by Councillors'

Account Holder	Account	Total	30> Days	60> Days	90 >Days	120> Days
Kubheka AM	2008379	R 8 679.36	R 1 236.93	R 1 236.93	R 1 162.33	R 5 043.17
Mabizela TM	2301068	R 1 739.46	R 1 739.46	R 0.00	R 0.00	R 0.00
Magagamela FF	2205558	R 13 975.59	R 3 130.72	R 967.86	R 638.83	R 9 238.18
Makhado TC	2204337	R 2 865.19	R 2 865.19	R 0.00	R 0.00	R 0.00
Maluka J	7001671	R 59 212.21	R 1 510.44	R 1 531.59	R 1 335.06	R 54 835.12
Maseko MA	7009206	R 5 847.22	R 457.55	R 354.62	R 352.23	R 4 682.82
Masinga AMP	2109271	R 1 449.49	R 1 366.20	R 83.29	R 0.00	R 0.00
Masiteng SM	2601472	R 38 511.48	R 1 057.83	R 1 095.06	R 1 007.96	R 35 350.63
Mazibuko TM	2004788	R 4 639.09	R 4 639.09	R 0.00	R 0.00	R 0.00
Mofokeng TS	2010079	R 74 731.82	R 1 471.40	R 1 471.40	R 2 504.39	R 69 284.63
Mthembu AP	2300001	R 50.63	R 50.63	R 0.00	R 0.00	R 0.00
Mtshali PD	6510278	R 44 689.17	R 1 131.94	R 1 229.95	R 1 174.46	R 41 152.82
Ngwenya NM	2109708	R 26 728.49	R 896.88	R 1 147.77	R 774.34	R 23 909.50
Nkabinde ER	4006463	R 4 524.81	R 1 294.72	R 2 096.94	R 1 133.15	R 0.00
Nkuna MM	7009035	R 103 968.02	R 1 549.65	R 1 639.29	R 1 784.28	R 98 994.80
Nkwanyana AL	2001414	R 7 146.26	R 1 237.90	R 1 192.63	R 1 129.23	R 3 586.50
Nsibande ME	7000472	R 3 310.12	R 570.14	R 570.14	R 570.14	R 1 599.70
Petterson J	8502782	R 2 738.01	R 496.35	R 509.28	R 504.92	R 1 227.46
Sehlalo MS	2109867	R 115 289.60	R 1 401.04	R 1 394.94	R 1 181.01	R 111 312.61
Sierana MR&N	2101798	R 47 189.32	R 1 844.94	R 1 833.45	R 1 744.20	R 41 766.73
Sindelo N	2206183	R 2 386.79	R 2 234.97	R 151.82	R 0.00	R 0.00
Thukwane KS	2204708	R 90 514.90	R 1 698.55	R 1 689.92	R 1 641.58	R 85 484.85
Vilakazi P	2601906	R 77 702.75	R 1 294.03	R 1 287.76	R 1 271.89	R 73 849.07
Ziwele LS	2103655	R 44 641.86	R 1 158.57	R 2 249.89	R 2 037.90	R 39 195.50
Total		R 782 531.64	R 36 335.12	R 23 734.53	R 21 947.90	R 700 514.09

Distribution losses

Water and Electricity Distribution Losses for March 2023. (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 21/22	Average 20/21
Electricity	37,967,894	13,874,081	-63.46%	-60.50%	-72.60%
Water	2,603,775	1,440,315	-44.68%	-32.56%	-32.15%

Water and Electricity Distribution Losses: Accumulated: July 2022 to March 2023 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 21/22	Average 20/21
Electricity	424,096,637	147,104,244	-65.31%	-64.46%	-70.15%
Water	24,006,847	15,594,233	-35.04%	-34.38%	-32.38%

Electricity Distribution Losses



Water Distribution Losses



LIABILITIES

Creditors

The total creditors balance for the quarter ended March 2023 (quarter 3) amounted to R 4 429 718 000 compared to R 4 128 783 000 in Quarter 2. This represents a 7% increase in the creditors' book.

In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the month of March 2023, R 4 429 billion was outstanding and of this 97% is outstanding for more than 30 days. The cash flow challenges continue to affect timeous payments to creditors.

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors - Quarter 3

Description	NT Code	Budget year 2022/2023			
		Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000
R thousands					
Creditors Age Analysis By Customer Type					
Bulk Electricity	0100	3 258 175	3 459 387	3 722 080	-
Bulk Water	0200	543 805	612 401	673 285	-
PAYE deductions	0300	-	-	-	-
VAT (output less input)	0400	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-
Loan repayments	0600	-	-	-	-
Trade Creditors	0700	56 582	54 352	34 310	-
Auditor General	0800	-	2 644	44	-
Other	0900	-	-	-	-
Total By Customer Type	1000	3 858 562	4 128 783	4 429 718	-

FINANCIAL RATIOS:

Current Ratio: 0.42:1

Formula: Current assets / Current Liabilities

The municipality will not be able to meet its short-term obligations as they fall due as current liabilities are not covered in full by our current assets. Ideally this ratio should always be greater than one to make sure we pay our creditors as they fall due.

Debt Ratio: 0.20:1

Formula: Total liabilities / Total assets

A lower debt ratio usually implies a more stable business with the potential of longevity, which means that lower ratio also has lower overall debt. The ratio indicates the municipality is financial unable to pay commitments as they fall due using its assets.

Debt Service Coverage: -0.016 :1

Formula: Operating surplus / Total debt service cost

The debt service coverage ratio is a financial ratio that measures a municipality's ability to service its current debts by comparing its net operating income with its total debt service obligations. The municipality is unable to service its debts when they become due hence the increase in creditors.

Cost Coverage Ratio: 0.17:1

Formula: Cash and cash equivalents (Available cash + investments) / fixed operating expenditure

The municipality will encounter difficulties in meeting its monthly obligation even though its cost coverage ratio is above 1. This is an indication that the municipality has cash constraints and that there isn't sufficient cash to cover expenditures.

Additional Reports Annexures

ANNEXURE A: C Schedules

ANNEXURE B: Annexure is comprised of the following Appendices

Supply Chain Management that comprises of the following items

- ✓ Deviation from Supply Chain Management process in terms of Section 36 of the regulation. is attached as **Appendix "A"**: None
- ✓ Disclosure of Supply Chain Management purchase above R100 000.
Appendix "B" R 94 552 620.33
- ✓ Disclosure of irregular expenditure amounting to
Appendix "C" R 23 564 950.57
- ✓ Disclosure of tenders awarded amounting to as
R11 485 567.50 **Appendix "D"**

Insurance Claims

20 insurances have been lodged in the 3rd quarter amounting to R 261 801.81, year to date amounts to R14 907 546.60
The details of insurance claims are attached as **Appendix "E"**.

During the 3rd Quarter of the current financial year, there were Twenty (20) incidents of loss that occurred and reported to the insurer.

Highest Debtors per Town Appendix "F" and Government Debt Appendix "G"

The table shows the 10 highest Outstanding Debtors per Town at the status as at the period ending 31 March 2023. Total 10 highest Outstanding Debtors is R15 141 573.51

Fruitless and Wasteful Expenditure

For the quarter under review fruitless and wasteful expenditure is R77 393 657.09, details are attached as **Appendix "H"**. This relates to interest and penalty charged by Eskom and Rand Water for late payment.

Capital Expenditure

Disclosure of capital expenditure amounting to R88 954 711.94 as **Appendix "I"**